



For Immediate Release
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BEC efforts to deal with Southern's bankruptcy continue

The bankruptcy last October of Beartooth Electric's (BEC) wholesale power provider, Southern Montana Electric, has required the board of trustees to deal with the bankruptcy on many levels. The worst, of course, is the financial harm members may suffer if the bankruptcy court imposes millions in Southern's debt on BEC. But there is a longer-term issue, also important, of changing the way generation and transmission (G&T) coops like Southern do business.

Over the last several months, BEC has worked with the Montana Electrical Cooperative Association (MECA) to suggest legislative language on transparency, organization, and decision-making that the Montana legislature may enact during its 2013 legislative session. BEC's goal is to protect members in the future from the secrecy and poor business practices that lead to Southern's bankruptcy.

Recently MECA submitted proposed language to the legislature's Energy and Telecommunications Interim Committee (ETIC). Seventeen of MECA's member coops approved the document. BEC voted against it. While agreeing with much in the proposal, BEC contends that the document needs to include a clause, omitted from the final draft, that would allow cooperatives who belong to a G&T like Southern to opt out of major energy projects that were not in the best interests of its their members.

In the absence of such a requirement, BEC could be forced in the future to again participate in a project like Southern's Highwood generation plant. That project now threatens to impose millions of dollars in debt on BEC's members. When Southern filed for bankruptcy, it declared \$20M in debts but had yet to start repayment of \$185M for the first phase of Highwood.

ETIC has incorporated MECA's language into a draft bill that is now available for public comment. BEC members who wish to read and comment on it may do so through June 29. To find the proposal go to www.leg.mt.gov/etic, click on links to the committee's July 16-17 meeting and the document entitled LCet01. Comments can be emailed to Sonja Nowakowski at snowakowski@mt.gov (put rural electric in the subject line) or mailed to Legislative Services Division, Attn. Sonja Nowakowski, P.O. Box 201704, Helena, MT 59620-1704.

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